

the smallest grants will be selected if a sufficient amount remains to fund them. If two or more tied applications request the same amount and sufficient funds are not available to fund all such applications, the following system will be used to break the ties:

(i) If the tied applications are for programs to be carried out in different jurisdictions, applications with the highest number of points for the rating criterion described in § 572.315(c), Need for homeownership program, will be selected, if sufficient funds remain.

(ii) If the tied applications are to be carried out in the same jurisdiction, applications with the highest number of points for the rating criterion described in § 572.315(a), Capability, will be selected, if sufficient funds remain.

(3) Funds remaining after applying the procedures described in paragraph (b)(1) and (2) of this section will be reallocated in accordance with paragraph (f) of this section.

(c) *Procedural errors.* Procedural errors by HUD discovered after initial ratings, but before notification of applicants, will be corrected and rankings revised. Procedural errors discovered after notification of approved applicants that, if corrected, would result in approval of an application that was not approved will be corrected by funding the application from any unused amounts of “off the top” from amounts available in the next funding round.

(d) *Reduction in requested grant amounts and/or geographic scope of the program.* (1) HUD will approve an application for an amount lower than the amount requested or adjust line items in the proposed budget within the amount requested (or both) if it determines that:

(i) The amount requested for one or more eligible activities is unreasonable, unnecessary, or unjustified;

(ii) An activity proposed for funding does not qualify as an eligible activity;

(iii) The amount requested exceeds the cost limitations established in this part;

(iv) The applicant is not able to carry out all the activities requested; or

(v) Insufficient amounts remain in that funding round to fund the full amount requested in the application.

(2) In addition, HUD may reduce the geographic scope of the proposed program or existing program if it determines that:

(i) Two or more fundable applications substantially overlap, or one or more fundable applications overlap with an existing program;

(ii) The proposed geographic scope is overly large given the capacity of the organization and/or the number of units it proposes for the homeownership program.

(e) *Notification of approval or disapproval.* After completion of the rating and selection of applications, but no later than six months after the deadline date for submission of the application, as stated in the NOFA, HUD will notify the selected applicants and the applications that have not been selected, in writing.

(f) *Remaining amounts due to insufficient approvable applications or deobligation of grant amounts.* (1) If funds remain after HUD approves all approvable planning grant applications or if any funds become available due to deobligation of grant amounts, the available amounts may be combined and HUD may use them in the following ways:

(i) Correct procedural errors in selecting planning or implementation grant applications;

(ii) Reallocate the remaining funds to Regions having more approvable implementation grant applications than can be funded from the initial allocation to those Regions; or

(iii) Add the remaining funds to funds available for the next competition for planning or implementation grants.

(2) Any reallocation of funds will be carried out under the allocation factors described in § 572.210(b).

§ 572.310 Selection process for implementation grants.

(a) *Rating and ranking applications.* (1) If the regional allocation described in § 572.210(b) is not sufficient to fund each application that qualifies for further consideration under § 572.300(c), HUD will review each such application and assign points in accordance with the rating criteria described in § 572.320. In connection with rating applications, HUD will make any reductions in the

requisite grant amounts or geographic scope of the applications that HUD determines necessary under § 572.210(c) or § 572.310(d). After initially assigning points to each application, HUD will review the applications and may adjust the ratings to ensure consistency among Field Office scores. HUD will then rank implementation grant applications according to total points assigned, by Region. HUD will also exclude any applications as required by § 572.210(c).

(2) [Reserved]

(b) *Selecting applications.* HUD will select the highest ranking applications within each Region within the Regional allocation.

(1) If two or more applications in a Region receive the same number of points and sufficient amounts are not available to fund all such applications, first the application or applications requesting the smallest grants will be selected if a sufficient amount remains to fund them. If two or more tied applications request the same amount and sufficient funds are not available to fund all such applications, the following system will be used:

(i) If the tied applications are for programs to be carried out in different jurisdictions, the application or applications with the greatest need will be selected, using whatever remaining funds are available. To determine need, HUD will consider the percentage of the number of rental households in the jurisdiction or jurisdictions in which the program will be carried out that are living in poverty, as defined by the Bureau of the Census.

(ii) If the tied applications are to be carried out in the same jurisdiction, the application or applications with the highest number of points for the rating criterion described in § 572.320(e), Efficiency, will be selected, using whatever remaining funds are available.

(2) If any amounts remain after applying the procedures described in paragraph (b)(1) of this section, they will be reallocated in accordance with paragraph (f) of this section.

(c) *Procedural errors.* Procedural errors by HUD discovered after initial ratings but before notification of applicants will be corrected and rankings

revised. Procedural errors discovered after notification of approved applicants that, if corrected, would result in approval of an application that was not approved will be corrected by funding that application from any unused amounts or "off the top" from amounts available in the next funding round.

(d) *Reduction in requested grant amounts and/or geographic scope of the program.* (1) HUD will approve an application for an amount lower than the amount requested or adjust line items in the proposed budget within the amount requested (or both) if it determines that:

(i) The amount requested for one or more eligible activities is unreasonable, unnecessary, or unjustified, or does not otherwise meet applicable cost limitations under this part;

(ii) There is an insufficient inventory of potential eligible properties;

(iii) The applicant lacks adequate past experience or otherwise is not able to carry out as large a program as requested;

(iv) The applicant has requested an ineligible activity;

(v) The applicant has proposed an inadequate match; or

(vi) Insufficient amounts remain in that funding round to fund the full amount requested in the application.

(2) In addition, HUD may reduce the geographic scope of a proposed program or an existing program if it determines that:

(i) Two or more fundable applications substantially overlap, or one or more fundable applications substantially overlap with an existing approved program; or

(ii) The proposed geographic scope is overly large given the capacity of the organization and the number of units or the total cost of the proposed program.

(e) *Notification of approval or disapproval.* After completion of the ranking and selection of applications, but no later than six months after the deadline date for submission of the application, as stated in the NOFA, HUD will notify the selected applicants and the applicants that have not been selected, in writing.

(f) *Remaining amounts due to insufficient approvable applications, reallocation, and deobligation of grant amounts.*

(1) If funds remain after HUD approves all approvable applications in a Region after the initial allocation or reallocation, or if any funds become available due to deobligation of grant amounts, the available amounts may be combined and HUD may use them in the following ways:

(i) Correct procedural errors in selecting planning grant or implementation grant applications;

(ii) Reallocate the remaining funds to Regions having more approvable applications than can be funded from previous allocations to that Region;

(iii) Make the remaining funds available to fund the highest ranked, unfunded planning grant applications; or

(iv) Add the remaining funds to funds available for the next competition.

(2) Any reallocation of funds will be carried out under the allocation factors described in § 572.210(b).

§ 572.315 Rating criteria for planning grants.

Any planning grants made by HUD under the HOPE 3 program will continue to be governed by the provisions in this section in effect immediately before October 16, 1996. When or before HUD announces the availability of funds for planning grants under this part, these provisions will be recodified.

[61 FR 48798, Sept. 16, 1996]

§ 572.320 Rating criteria for implementation grants.

If the Regional allocation is not sufficient to fund each application that qualifies for additional consideration under the screening procedures described in § 572.300(c), HUD will rate each application that does so qualify in accordance with the following rating criteria:

(a) *Capability.* The ability of the applicant to develop and carry out the proposed homeownership program in a reasonable time and in a successful manner. In assigning points for this criterion, HUD will consider evidence demonstrating:

(1) The capability of the applicant to handle financial resources, dem-

onstrated through such evidence as previous experience of the applicant or key staff and existing financial control procedures.

(2) The capability of the applicant to manage the proposed homeownership program as a whole, demonstrated through previous experience of the applicant or key staff in managing acquisition, rehabilitation, construction, real estate financing, counseling and training, or other relevant activities.

(b) *Public/private support.* In assigning points for this criterion, HUD will consider:

(1) The extent of commitment of the unit of general local government (or Indian tribe, where applicable), or State or territorial government, and other public agencies in support of the program, such as the provision of supportive services (including counseling and training), rehabilitation loans or grants, interest rate subsidies, water and sewer improvements, street and sidewalk improvements, and tax abatements.

(2) The extent of commitment of the private sector and nonprofit organizations (including places of worship, banks, neighborhood or community organizations or other community groups) in support of the program, such as the donation of labor or materials, interest rate reductions or other financing subsidies, and commitment of volunteer assistance in some aspect of the program (activities of the applicant shall not be considered under this subcriterion).

(c) *Quality of program design.* In assigning points for this criterion, HUD will consider the extent to which the proposed program is logical, feasible, innovative, and will substantially achieve its stated objectives in the required timeframes and within the proposed budget.

(d) *Efficiency.* In assigning points for this criterion, HUD will consider the cost-effectiveness in using Federal grant funds, determined by dividing the amount of the grant under consideration (adjusted by the R.S. Means Cost Construction Index, where appropriate) by the total number of units expected to be assisted.

(e) *MBE/WBE goals.* HUD will assign points under either paragraph (e)(1) or